



भारत का राजपत्र

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PART I—Section I

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इस भाग में भिन्न पृष्ठ संलया दी जाती हैं जिससे कि यह ग्रलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation.

MINISTRY OF FINANCE

(Department of Economic Affairs)

RESOLUTION

New Delhi, the 22nd December 1967

Establishment of National Credit Council

No. F. 4(43)-BC/67.—The Government of India have been considering for some time the measures that need to be taken to align more closely the functioning of the banking and credit system of the country to the objectives and requirements of national economic development. The demand for bank credit from various sectors of the economy has been growing more rapidly than bank deposits. In this context there is an urgent need for an equitable and purposeful distribution of bank credit.

2. During the last 15 years, there has been considerable progress in the field of consolidating and strengthening the banking system, in widening the area of institutional coverage of credit and adapting the organisation and functioning of the credit system to the needs of our developing economy. At the same time, the functioning of the credit system has revealed significant gaps. There have been complaints that several sectors such as agriculture, small scale industry and exports, whose importance is considerable from the point of view of their contribution to national income generation, provision of employment opportunities, decentralisation of economic power and earning of foreign exchange, have not obtained

access to credit to the extent needed owing to the overall shortage of bank resources. The problem has now appeared in bolder relief with the prospective increase in demand for credit, both in range and depth, at a time when accretion of resources to the banking system has been slowing down. There is, therefore, need to review periodically the quantum of credit resources that the economy legitimately needs and to plan the distribution of such credit expansion in conformity with the overall objectives of investment planning and considerations of national economic policy, keeping in view, at the same time, the interests of the depositors.

3. Although the Reserve Bank of India has, in the past, been giving directions to the bank in order to regulate credit policy, it is felt that it would be of advantage to have a forum where the relative claims for credit of different sectors could be discussed and priorities determined. In order to provide such a forum and to assist the Government and the Reserve Bank of India in the task of allocating credit among the different sectors in conformity with the objectives of planning and considerations of national economic policy, the Government of India has decided to establish a National Credit Council.

4. The main functions of the Council will be, periodically, to

- (a) assess the demand for bank credit from the various sectors of the economy;
- (b) determine priorities for the grant of loans and advances or for investment, having regard to the availability of resources and requirements of the priority sectors, in particular agriculture, small-scale industries and exports;
- (c) coordinate lending and investment policies as between commercial and cooperative banks and specialised agencies to ensure the optimum and efficient use of the overall resources; and
- (d) consider other allied issues as may be referred to it by the Chairman or the Vice-Chairman.

5. The membership of the Council will not exceed twentyfive. The Deputy Prime Minister and Minister of Finance will be the Chairman and the Governor of the Reserve Bank the Vice-Chairman. There will be three other permanent members, namely, Deputy Chairman, Planning Commission, Secretary, Ministry of Finance, Department of Economic Affairs and Chairman, Agricultural Refinance Corporation. The remaining twenty members of the Council, whose tenure will be for such period not exceeding three years as the Government may fix, will be appointed by the Government of India to secure, as far as possible, adequate representation from the various sector, viz., the commercial banks, the co-operative sector, large and medium-scale industries, small-scale industry, agriculture; trade; including export trade and professional groups including economists. The names of these members will be announced shortly.

6. The Council may also invite such persons as it may consider necessary, to participate in its deliberations. It will meet as often and at such places as may be determined by it but not less frequently than twice a year. The Reserve Bank will provide for the Council such secretariat and other assistance as may be necessary. The first meeting of the Council will be convened by the Reserve Bank of India at the earliest opportunity.

7. Government trust that the deliberations of the Council, composed as above, will result in broad agreements being reached on matters relating to credit policy and that the advice of the Council will help the Government, the Reserve Bank and the banking system as a whole in the discharge of their respective responsibilities in this field.

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